



1

## Seven Reserve Criteria

- 1) Next Year's Dry Period (Cash Flow Reserve)  
50% of the Operating Budget
- 2) Operating Contingencies  
10% of Operating Budget
- 3) Next Year's Dry Period Debt Service  
100% of August Certificates of Participation (COP)  
Debt Service
- 4) Debt Service Reserve  
10% of the Outstanding COPs
- 5) Capital Improvement Reserve  
50% of average Capital Improvement Program (CIP)  
for the next ten years
- 6) Operating & Capital Share of Catastrophe Funds
- 7) Replacement and Refurbishment  
2% of the average CIP per year

2

## Non-Discretionary Criteria

- Next Year's Dry Period (Cash Flow Reserve) 50% of the Operating Budget
- Next Year's Dry Period Debt Service
- 100% of August COP Debt Service
- Debt Service Reserve  
10% of the Outstanding COPs

3

3

## Discretionary Reserve Criteria

- Operating Contingencies  
10% of the Operating Budget
- Capital Improvement Reserve  
50% of the average CIP for the next ten years
- Operating & Capital Share of Catastrophe Funds
- Replacement and Refurbishment  
2% of the CIP Per Year

4

4

## Investment Objectives

### **First**

- Provide safety of principal

### **Second**

- Provide sufficient liquidity

### **Third**

- Earn a commensurate rate of return consistent with the constraints imposed by the objectives listed above

5

5

## Portfolios - Long-Term and Short Term

The Orange County Sanitation District's Investment Policy is consistent with California Government Code

### **• Long-Term**

- Compares to the ICE BAML 1-5 Year
- Corporate Government Rated AAA – A Index

### **• Short-Term**

- Compares to the 3-month T-Bill rate
- Operates with a maximum maturity of 1-year

6

6

## Long-Term Portfolio – Asset Allocation

- Approximately \$658 million

Category	Percent
US Treasury	34%
Agency	32%
US Corporate	21%
Supranational	7%
Asset Backed Sec	4%
Other	2%
<b>Total</b>	<b>100%</b>

7

7

## Short-Term Portfolio – Asset Allocation


- Approximately \$226 million

Category	Percent
US Treasury	81%
Agency	9%
Money Market	4%
US Corporate	3%
Negotiable CDs	2%
Supranational	1%
<b>Total</b>	<b>100%</b>

8

8

**Questions**



9